

Message Text

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PAGE 01 CALGAR 00416 051558Z

70

ACTION EUR-25

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FM AMCONSUL CALGARY

TO SECSTATE WASHDC 866

INFO AMEMBASSY OTTAWA

UNCLAS CALGARY 416 DECEMBER 4

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: NEW LEGISLATION INTRODUCED AT ALBERTA'S SPECIAL ENERGY
SESSION

REF: CALGARY'S 410

1. THE LOUGHEED GOVERNMENT HAS COMMENCED UNWRAPPING ITS NEW ENERGY PLANS. TODAY'S ACTION FEATURED THE PRESENTATION OF LEGISLATION DESIGNED TO ELIMINATE ALL OIL AND GAS LEASES SPECIFYING A MAXIMUM ROYALTY. THE PROPOSED LEGISLATION WILL ENABLE THE PROVINCIAL GOVERNMENT TO SET ROYALTIES AT ANY HEIGHT, THUS VOIDING EXISTING CONTRACT CLAUSES WITH OIL AND GAS COMPANIES.

2. LEGISLATION FOR THE CREATION OF A PROVINCIAL OIL AND GAS MARKETING BOARD IS NOT YET READY FOR PRESENTATION. HOWEVER, WHEN INTRODUCED IT WILL BE BASED ON THE PRINCIPLE THAT HOLDERS OF THE THIRTY FIVE THOUSAND CROWN LEASES THAT PRODUCE 85 PERCENT OF THE PROVINCE'S OIL MUST SELL THEIR PRODUCTION TO THE MARKETING BOARD. THIS IS EXPECTED TO BE THE MAIN ALBERTA THRUST TO OUTFLANK OTTAWA'S OIL EXPORT TAX AND TO REGAIN CONTROL OF OIL PRICES.

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PAGE 02 CALGAR 00416 051558Z

3. OTHER BILLS INTRODUCED TO DATE AT THE SPECIAL SESSION WERE

CONCERNED WITH (A) THE REMOVAL OF NATURAL GAS PRODUCED FROM FREEHOLD LEASES FROM THE EXPORT CONTROL OF THE ALBERTA ENERGY BOARD, (B) A NEW FREEHOLD MINERAL TAXATION ACT COMMENCING JANUARY 1, 1974 THAT COULD FORCE FREEHOLDERS TO PAY AN ANNUAL LEVY ON THEIR OIL AND GAS RESERVES, AND (C) AMENDMENTS TO THE GAS UTILITIES ACT WHICH WOULD PUT PROPANE PRICES AND SALES WITHIN THE PROVINCE UNDER THE ADMINISTRATION OF THE PUBLIC UTILITIES BOARD.

4. IN BEHIND-THE-SCENE DISCUSSIONS, PREMIER LOUGHEED HAS COMMENTED THAT ALBERTA IS CONSIDERING "BARGAINING CHEAP ENERGY FOR BETTER FREIGHT RATES AND TARIFF BREAKS", AND THIS WILL BE PUSHED AT THE MEETING OF THE FOUR WESTERN PREMIERS IN FEBRUARY. HALL

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